

The

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Regional Operations: Payments on time, every time

By Judy Tillman

*FMS Assistant Commissioner
Regional Operations*

I arrived in Regional Operations (RO) in January 2004 and took charge of a successful organization, but one facing many challenges including the incorporation of new technology and the need to do more with less.

It seemed to me that such a large, geographically dispersed organization charged with such a critical mission would benefit from a common theme that employees could rally around. As I took off to learn about the organization, I made observations about just what the theme could be.

Touring the regional financial centers

Having previously worked in an organization in which all the employees were based in one location, I had to quickly adjust to one with five locations where the majority of the employees are located in the field. I immediately hit the road to tour each of the four regional financial centers (RFCs) in Austin, Texas; Philadelphia, Pa.; Kansas City, Mo.; and San Francisco, Calif., and meet with the employees. My approach, initially and with my subsequent visits, is to conduct a town hall meeting at each RFC so employees can get to know me, voice any concerns and provide an opportunity for employee recognition.

The culture of regional operations

My first impression after visiting all of the RFCs and meeting all the employees was of the strong culture that exists at each center and the total commitment to getting nearly 1 billion government payments out the door each year, whatever the circumstances might be, and the recognition of how important these lifeline payments are to the recipients, especially in the

case of benefit payments. Our employees come in during snowstorms and other weather events to ensure that benefit payments are made on time. Our employees work weekends to ensure that critical payments such as disaster relief payments are produced as quickly as possible. Our employees are flexible and alter work schedules to handle the large influx of work



Judy Tillman Continued on page 2



In addition to serving as Regional Operations' assistant commissioner, Judy Tillman is the chief disbursing officer at FMS. Before coming to RO, Judy was the assistant commissioner for Financial Operations where she oversaw FMS's check reconciliation, claims, accounting functions, Treasury Managed Accounts and the Judgment Fund.

produced by tax refunds in the first six months of each year.

Measures of Success

It is because of this determination and commitment from employees that Regional Operations has been able to maintain a 99.9996 percent accuracy rate for our payment activities. This means that virtually all of the nearly 1 billion payments we issue each year

PAYMENTS

are made accurately and timely.

Another measure of success results from a longstanding tradition in Regional Operations. Each year we survey our agency customers to gauge the performance of our payments activities and to ensure that our payment tools are efficient and effective. I'm proud to report that we are able to maintain a 99 percent customer satisfaction rate.

Another measure of our success is that we offer smooth and efficient paper check processing at the best possible cost. While 80 percent of our payments are made by electronic funds transfer (EFT), we still have the need to produce over 235 million paper checks each year. Our innovative RO employees are always looking at ways to improve our check processing by maximizing our postal discounts, making improvements in check stock and envelopes and keeping our equipment in pristine condition. The same goes for the processing of our electronic payments, another area where we can provide the service for the federal government at the best possible price and provide significant savings for the taxpayers.

Recently, in part as a result of our efficiency, the **Department of Agriculture's** Commodity Credit Corporation, an entity with its own statutory disbursing authority, made the good

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About Regional Operations

The primary mission of Regional Operations is the issuance of payments—by both electronic funds transfer (EFT) and paper check.

In FY 2004, FMS issued over 940 million non-Defense payments (705 million electronic payments and 235 million checks—85 percent of the federal government's payments) valued at \$1.5 trillion. This includes a variety of payments such as benefit payments for the **Social Security Administration, Department of Veterans Affairs, Railroad Retirement Board** and the **Office of Personnel Management**. Other payment types include vendor/miscellaneous payments, federal salary payments, and tax refunds.

Through the four regional financial centers (RFCs), Regional Operations is also responsible for payments "aftermath" processing which includes claims of non-receipt for EFT payments, initial claims activity for checks, and various accounting functions.

Regional Operations has 575 employees located in Washington and at the four RFCs.

government choice to look to FMS for payment services. Our Kansas City Regional Financial Center was able to absorb a potential annual workload of over 6 million check and EFT payments.

Balancing check and electronic payments

While we have a strong commitment to the efficient production of paper checks, we are also committed to the goal of moving all payments to EFT. EFT payments are less costly for the taxpayers and offer greater security to payment recipients. FMS' activity-based cost system shows that it costs 75 cents more to issue a paper check than to send a direct deposit payment.

Regional Operations is committed to FMS's new direct deposit marketing campaign called Go Direct. The Go Direct campaign will work to convert check payments to direct deposit and build awareness of direct deposit in advance of the soon to retire baby boom generation. Our check payments "touch" the recipients each month and provide the ability to market direct deposit when sending the check. As a result, direct deposit check inserts are a cornerstone of the Go Direct campaign.

Securing our operations

As I toured the RFCs and learned more about Regional Operations, I was impressed with our business continuity planning and disaster recovery ability. It is one thing to have dedicated employees committed to getting the payments out but you also



need the facility, equipment and supplies to produce the payments. One of the advantages of having four geographically dispersed RFCs with essentially identical equipment and functions is that we have the flexibility to shift payment workloads when necessary or in the event of a disaster or national emergency. This is something we plan for and test frequently.

Looking ahead

In Regional Operations, the primary focus is on day-to-day payments operations. However, a core group of people is committed to looking ahead to ensure that our RFCs have state-of-the-art technology for payment processing, payment certification, and check printing, enclosing, and mailing.

One of the most notable achievements in the past year is the deployment of our new system for the certification of payments,

"While 80 percent of our payments are made by electronic funds transfer (EFT), we still have the need to produce over 235 million paper checks each year."

the Secure Payment System (SPS). SPS replaces the technologically obsolete Electronic Certification System (ECS). SPS is Internet-based, secured using level 3 public key infrastructure (PKI), and provides other significant technology upgrades for federal agencies to certify the accuracy, validity, and legality of their payments. The majority of our payment volume is now certified through SPS. SPS will be fully deployed to all of our agency customers by April 2006.

Today, Regional Operations supports nearly 30 different applications dedicated to our payment processing function. A new project called Payments Application Modernization (PAM) supports FMS's enterprise architecture approach by reducing the number of payment applications to just a few, reducing the costs to produce payments, allowing us to automate manual processes and reducing the complexity and risk associated with maintaining such a large number of applications. PAM will provide the greatest benefit to FMS and won't require our agency customers to make any changes. However, PAM also could present some opportunities to agencies to make improvements in their operations.

Early in 2006, our sister FMS AC area, Financial Operations (FO) will launch Phase I of the Treasury Check Information System (TCIS). This first phase is the Integrated View which provides a single Internet-based front end to TCIS, the Check Payment and Reconciliation System (CP&R), and the PACER On-Line databases. This will provide federal agencies the ability to view data relating to both check payments and ACH payments and eliminate the need to query separate systems.

Our federal agency partners

We consider our federal agency customers to be our true partners in the payments process. Our payments are only as good as the information that is provided to us. We must rely on the agency certifying the payment file for the accuracy and completeness of the data. Federal agencies must give us good certified payment files and include all of the necessary information.

Of most importance is Taxpayer Identification Number (TIN) compliance. Since 1997, FMS has collected over \$24 billion in delinquent debt by comparing our payment files to debts owed. This can only be achieved if our federal agency customers comply with the requirement that all payments have TINs thus enabling payments to be offset or levied.

The conclusion

After completing my tour of the RFCs, meeting the employees, observing the commitment to getting nearly 1 billion payments out the door each year whatever the circumstances, learning about the technology used to produce the payments and the new technology in the development pipeline, it was quite easy to think of a theme for Regional Operations. In fact, it should have been evident: "on time, every time"!

RFCs host agency forums

Forums are among the ways that the Regional Financial Centers reach out to agency customers.

On August 23-24, the San Francisco Financial Center (SFC) Products and Initiatives Branch conducted an Electronic Payments and Collections Forum with more than 70 agency representatives at the Denver Federal Center in Lakewood, Colo.

Among the products and programs presented were Pay.gov, Governmentwide Accounting, the Taxpayer Identification Number (TIN), TGA.net, and the Transaction Reporting System (TRS). The SFC staff also presented a special session on FMS's e-commerce products and support.

Forty-one representatives from 14 agencies and bureaus attended the Austin Financial Center (AFC) Customer Assistance Staff's Agency Forum August 16-17 in Dallas, hosted by the Federal Reserve Bank (FRB). There was much interest in the Secure Payment System (SPS) rollout. Agencies also expressed interest in other FMS programs including Treasury Check Information System (TCIS), Treasury Offset Program (TOP), Pay.gov, TGA.net, PAID, Internet Payment Platform, US Debit Card, TRS, and the Governmentwide Accounting and Reporting Modernization project.

AFC and headquarter staffs will follow up with agencies interested in implementing collection mechanisms.

FMS conference focuses on financial accountability and management

By **Angela Romano**
and **Melanie Rigney**

More than 500 financial professionals attended at the 15th Annual Government Financial Management Conference Aug. 9-11 in Bethesda, Md. This year's theme was "New Horizons for Financial Accountability and Management."

The conference, organized by **Financial Management Service (FMS)**, offered nearly 50 sessions in accounting and auditing, measurement and accountability, special issues/best practices, information technology, and career development and leadership tracks.

Army's success story

John Argodale, deputy assistant secretary of the **Army** for financial operations, was the conference's opening plenary speaker shared the Army's positive experience in

using stored-value cards and Paper Check Conversion Over the Counter (PCC OTC) for soldiers in basic training and in remote deployed areas. He indicated that the Army also uses FMS's US Debit Card for escorting foreign dignitaries and visitors. As of June, over 875,000 stored-value cards (SVC) were used and more than 1.4 million checks converted for a total of more than \$940 million processed. "Eventually, electronic commerce initiatives will become the coin of the realm," Argodale said.

Other highlights of plenary sessions included:

■ **Department of Labor** Chief Financial Officer (CFO) Samuel Mok noted that nearly two dozen CFOs in the private sector were convicted of crimes in the past two years. A wave



The Army's John Argodale spoke about the benefits of stored-value cards.



Financial management professionals networked at a conference reception.



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"Regulations won't stop fraud," Labor CEO Samuel Mok said. "Ethics education will."



FMS Conference

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of regulations follows every wave of fraud, he said, adding, "Regulations don't stop fraud. Ethics education will." He urged the attendees to ask themselves before taking action: Is this illegal? Is this obscene? Is this immoral? If a problem already has developed, he suggested asking: What did I know? When did I know it? What should I have known?

■ The importance of responsible financial management was emphasized by Linda Combs, who became controller of the **Office of Management and Budget (OMB)** this summer. She praised the reduction of material weaknesses in year-end reports.

■ **Department of the Treasury** Fiscal Assistant Secretary Donald Hammond was bullish on the potential of financial managers becoming full partners within government, saying "We

are really on the cusp of getting involved in the programs of agencies." Specifically, he said cost accounting is a means by which financial managers can add value within an agency.

FMS programs update

Other sessions provided updates on FMS's Governmentwide Accounting Modernization Project; initiatives such as the US Debit Card, Pay.gov, Transaction Reporting System (TRS), Treasury General Account Deposit Reporting Network (TGAnet), and Internet Payment Platform (IPP); the Treasury Check Information System (TCIS); delinquent debt collection, the Intragovernmental Reporting process; and the U.S. Standard General Ledger.

The day before the conference, FMS hosted the very popular annual year-end closing seminar. Over 300 attendees listened to several FMS and OMB speakers who provided up-to-date information about financial reporting requirements.



Above: OMB Controller Linda Combs and Treasury Fiscal Assistant Secretary Donald Hammond were among the speakers; (r) a panel of Financial Management Service experts provided an update on the Governmentwide Accounting Modernization Project.



Happy anniversary, CASHLINK II

By Tamara Whitaker

On July 23, 2003, the **Financial Management Service** and financial institution (FI) users began creating user profiles in CASHLINK II. On Sept. 2, 2003, FI deposit reporters began entering deposit reports into the system. Later that year, federal agency users migrated from the legacy CASH-LINK system to CASHLINK II to reconcile their deposits.

CASHLINK II is an electronic cash concentration and information system used to manage the collection of U.S. government funds throughout the world and to provide deposit information to federal agencies. CASHLINK II links federal agencies, commercial banks, the **Federal Reserve Banks** (FRBs) and the **Department of the Treasury** fund managers together through an electronic network. CASHLINK II receives deposit information, initiates

funds transfers, and concentrates daily deposits made through multiple collection mechanisms into the Treasury's account at the FRB. CASHLINK II assists the Treasury in managing depository services provided by financial institutions and monitoring the cash position of the U.S. government.

If you are a CASHLINK II federal agency or FI user and need technical assistance, or assistance with your user ID

CASHLINK II

or password, please contact the CASHLINK

II Call Center at (800) 346-5465 or (301) 887-6600 or e-mail cashlink2@pnc.com.

If you have questions about a specific account type, please contact:

ACH PAD or ACH REX: John Schmid, John.Schmid@fms.treas.gov.

ETA: Pamela Jordan, **P a m e l a .**

Jordan@fms.treas.gov.

Fedtax II: FEDTAX2, (877) FEDTAX2.

ITGA: St. Louis FRB, (866) 771-1842.

Lockbox General or ACH: Steve Kenneally, Steve.Kenneally@fms.treas.gov.

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Treasury General Account (TGA): St. Louis FRB, (866) 771-1842.

For more information, visit www.fms.treas.gov/cashlink or email Tamara Whitaker at tamara.whitaker@fms.treas.gov.

UPCOMING EVENTS

For more information about FMS events, please see www.fms.treas.gov/calendar.html.

Sept. 22: Treasury Report on Receivables (TROR) Workshop, Chicago, Ill.

Nov. 17: Automated Standard Application for Payments, Miami, Fla.

HOT DOCUMENT:

MANAGING FEDERAL RECEIVABLES

By Denice Wilson

The revision of "Managing Federal Receivables" (MFR), is now complete. This document provides updated guidance and information on laws, regulations and policies governing federal receivables management, and is consistent with the Debt Collection

Improvement Act of 1996, the revised Federal Claims Collection Standards (FCCS - 31 CFR Parts 900-904) and the revised Office of Management and Budget (OMB) Circular No. A-129.

DEBT COLLECTION

The revised document, published in May, is the result of collaboration between the Federal Chief Financial Officer agencies and the Debt Management Services and Federal Finance areas of the Financial Management Service (FMS).

You can view this document as well as the FCCS and OMB Circular No. A-129 in its entirety (including contact information) on the FMS Web site at fms.treas.gov/debt/regulations.html.